

Labor and Public Employees Committee

February 18, 2014

Testimony

Raised Bill # 61 – AN ACT CONCERNING WORKERS’ COMPENSATION AND LIABILITY FOR HOSPITAL SERVICES

Good Afternoon Senator Osten, Representative Tercyak and members of the Labor and Public Employees Committee. I am Diane Ritucci, President & Chief Executive Officer, Workers’ Compensation Trust, Wallingford, CT.

The Trust is an employer mutual association which for the past 33 years, provides workers’ compensation insurance coverage to over 400 healthcare and human service organizations throughout the State. The vast majority of our members receive significant funding from the Departments of Children & Families, Mental Health & Addiction and Developmental Services. They have withstood multi-year budget cuts and reductions in funding for the past several years and yet continue to provide necessary services. All profit generated by us goes back to the members of the Trust. To date we have given out over \$23,000,000.

I myself have been in the workers’ compensation business for over 33 years and I have never seen such havoc as we have today as it relates to the payment of hospital bills. All of us who work in this industry rely heavily upon the Bulletins issued by the State of Connecticut Workers’ Compensation Commission as our “bible” to help us determine the appropriate handling of cases. These bulletins contain all the workers’ compensation statutes and related statutes that are needed to adjudicate claims.

It is important to note that, Bulletin No. 34 issued in 1979 and Bulletin No. 50 issued in 2013, contain the exact same language as to the payment of hospitals. Section 31-294d(d) states that “the liability of the employer for hospital service shall be the amount it actually costs the hospital to render the service”. Another important note is that between these two publishing dates, the workers’ compensation system went through at least 3 major reforms—1991, 1993 and 1995. Every statute was reviewed and overhauled during those years and still that language survived. That was not an accident. There was a reason that that language held up for over 30 years and the reason is because that is what was intended. It was never intended that hospitals make profit on the backs of injured workers.

Our experience is that hospitals certainly understood the statute existed and accepted the payment accordingly. Our reconsideration request rate was almost negligible and was never because hospitals are questioning the payment based on cost, but rather that we were missing information and that information was now available.

Commissioner Schoolcraft’s decision in September 2012 said that Section 31-294d(d) is no longer applicable and the employers must either negotiate lower rates with hospitals or they must pay published charges.

Few dispute that employers should adequately reimburse hospitals for their services. It is equally indisputable that under the current statute, employers are adequately reimbursing hospitals by paying more than their fair share. We fully understand that reimbursements from Medicaid and Medicare, and the general care of the uninsured, creates a financial burden for hospitals. But the already overburdened workers' compensation system should not be the source of this shortfall.

This bill provides a fair, objective method of payment that recognizes the need for the Hospitals to be paid appropriately, but also a method that does not unfairly burden the employer.

The rising cost of medical care has substantially impacted the cost of the workers' compensation system and is a key cost driver for increased premium. Even though we return all profits to our members, the members I serve cannot afford any more increase to their workers' compensation costs. These organizations have already experienced longstanding funding and budget cuts from the State and are still expected to do their best to provide much needed services to the mentally, physically, and emotionally challenged.

I implore you to help employers by holding down hospital charges by passing this bill. Any further deterioration in our payer system will have dramatic effects on the cost of Workers' compensation for all employers for many years to come.

I thank you for your time and attention. Should you need any further information, please feel free to contact me.

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